

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS**

In re:

POLARIS OPERATING, LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 23-32810

(Jointly Administered)

**OBJECTION TO DEBTORS' EMERGENCY MOTION
FOR (A) ENTRY OF AN ORDER (I) APPROVING BIDDING
PROCEDURES; (II) APPROVING PROCEDURES FOR THE ASSUMPTION AND
ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; (III)
APPROVING STALKING HORSE PROTECTIONS; (IV) SCHEDULING BID
DEADLINE, AUCTION DATE, AND SALE HEARING DATE; (V) APPROVING FORM
OF NOTICE THEREOF; (B) ENTRY OF AN ORDER AFTER THE SALE HEARING (I)
AUTHORIZING THE DEBTORS TO SELL THEIR ASSETS; AND (II) AUTHORIZING
THE DEBTORS TO ASSUME AND ASSIGN CERTAIN EXECUTORY CONTRACTS
AND UNEXPIRED LEASES; AND (C) GRANTING RELATED RELIEF [Doc. No. 211]**

Black Oak Partners LLC (“Black Oak”), hereby files this Objection (the “Objection”) to the *Emergency Motion for (A) Entry of an Order (I) Approving Bidding Procedures; (II) Approving Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases; (III) Approving Stalking Horse Protections; (IV) Scheduling Bid Deadline, Auction Date, and Sale Hearing Date; (V) Approving Form of Notice Thereof; (B) Entry of an Order After the Sale Hearing (I) Authorizing the Debtors to Sell Their Assets; and (II) Authorizing the Debtors to Assume and Assign Certain Executory Contract and Unexpired Leases; and (C) Granting Related Relief* [Doc. No. 211] (the “Sale Motion”) filed by the Debtors. In support of its Objection, Black Oak would show the Court as follows:

¹ The debtors and debtors-in-possession in these chapter 11 cases, along with the last four digits of their respective Employer Identification Numbers, are as follows: CCCB Energy Partners, LLC (5918), Polaris Operating, LLC (9852), NAPI, LLC (6767), and Cottonwood Gas Gathering, LLC (8983). The debtors’ service address is 5944 Luther Lane, Suite 400, Dallas, TX 75225.

1. On July 28, 2023 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas, Houston Division.

2. Debtor CCCB Energy Partners, LLC (“CCCB”) is a member of WGU Energy, LLC (“WGU”). *See* Doc. No. 138 at Pg. 4. CCCB’s equity interest in WGU is defined in the Sale Motion as the “WGU Waterflood Assets”.

3. Black Oak is a member of WGU.

4. The membership rights of CCCB and Black Oak in WGU, together with all other members, are governed by that certain First Amended and Restated Operating Agreement of WGU Energy, LLC, effective February 1, 2022 (the “Operating Agreement”).

5. Article 7 of the Operating Agreement conditions and qualifies a member’s right to transfer membership units. Section 7.3 of the Operating Agreement provides right of first refusal procedures for non-transferring members.

6. On November 16, 2023, the Debtors filed the Sale Motion.

7. The Sale Motion seeks, among other things, to establish a sales process for the WGU Waterflood Assets.

8. The Operating Agreement’s transfer restrictions of the WGU Waterflood Assets are fully enforceable against the Debtors in this instant bankruptcy proceeding. *In re Wilson*, No. 11-50396, 2014 WL 3700634 (Bankr. N.D. Tex. July 24, 2014); *See, e.g., In re Kramer*, BAP NO-21-005, 2022 WL 17176411, at *8 (B.A.P. 10th Cir. Nov. 23, 2022) (holding that operating agreement transfer restrictions prohibited a bankruptcy trustee from selling membership interests owned by the debtor).

9. Black Oak does not generally object to the Sales Motion. However, Black Oak objects to the extent the Sale Motion seeks to alter or extinguish any right that it, WGU, or any other member of WGU, has pursuant to the Operating Agreement, other governing documents, or applicable law, to object to any proposed sale or transfer of the WGU Waterflood Assets.

WHEREFORE, Black Oak Partners LLC respectfully requests this Court enter an order (a) preserving any and all rights that it, WGU, or any other member of WGU, has pursuant to the Operating Agreement, other governing documents, or applicable law, to object to any proposed sale or transfer of the WGU Waterflood Assets, and (b) granting such other and further relief as the Court deems appropriate.

PHILLIPS MURRAH P.C.

/s/ Jason A. Sansone

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on November 20, 2023, the foregoing was served upon all counsel of record via the Court's CM/ECF system.

/s/ Jason A. Sansone

Jason A. Sansone (Okla. Bar No. 30913)